Goldenmars Technology Holdings Limited

晶芯科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(*Stock Code:8036*)

2015

Annual Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors (the "Directors") of Goldenmars Technology Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. George Lu *(Chairman)*
Ms. Shen Wei
Ms. Lau Wing Sze *(Chief Executive Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Loo Hong Shing Vincent
Mr. Pang Chung Fai Benny
Mr. Wan Tak Shing

AUTHORIZED REPRESENTATIVES

Ms. Lau Wing Sze
Mr. Lo Kam Hon Gary *FCCA, CPA*

COMPLIANCE OFFICER

Mr. George Lu

COMPANY SECRETARY

Mr. Lo Kam Hon Gary *FCCA, CPA*

AUDIT COMMITTEE

Mr. Wan Tak Shing *(Chairman)*
Mr. Pang Chung Fai Benny
Mr. Loo Hong Shing Vincent

REMUNERATION COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman)*
Mr. Wan Tak Shing
Mr. Pang Chung Fai Benny

NOMINATION COMMITTEE

Mr. Pang Chung Fai Benny *(Chairman)*
Mr. George Lu
Mr. Loo Hong Shing Vincent

CORPORATE GOVERNANCE COMMITTEE

Mr. Lo Kam Hon Gary *(Chairman)*
Ms. Lau Wing Sze
Ms. Lu Qinzhen

REGISTERED OFFICE

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Shenzhen the PRC

PRINCIPAL BANKERS

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Central
Hong Kong

DBS Bank (Hong Kong) Limited
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99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
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Grand Cayman, KY1-1102
Cayman Islands

CORPORATE INFORMATION

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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LEGAL ADVISERS TO THE COMPANY

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AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
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Hong Kong

COMPLIANCE ADVISER

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STOCK CODE

8036

COMPANY WEBSITE ADDRESS

www.goldenmars.com
(information contained in this website does not form part of this report)

FINANCIAL SUMMARY

HIGHLIGHTS

Revenue for the year ended 31 March 2015 was approximately HK$920.3 million, representing a 16.8% increase from that of the year ended 31 March 2014 ("Last Corresponding Year").

Profit attributable to equity holders of the Company for the year ended 31 March 2015 was approximately HK$25.3 million, representing a 51.0% increase from that of the Last Corresponding Year.

Basic and diluted earnings per share attributable to the equity holders of the Company for the year ended 31 March 2015 and the Last Corresponding Year were approximately HK9.97 cents and HK7.68 cents, respectively.

No final dividend in respect of the year ended 31 March 2015 was proposed (2014: special dividend of HK$14.8 million).

FINANCIAL SUMMARY

A summary of the results and of the financial position of the Group for the last four financial years is set out as follows:

	Year ended 31 March			
	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000
Results				
Revenue	**920,269**	787,650	511,799	461,715
Gross profit	**56,130**	52,530	49,809	45,799
Profit before income tax	**32,649**	24,243	23,891	83,504
Profit for the year attributable to equity holders of the Company	**25,347**	16,790	17,876	76,500
Financial position				
Total assets	**478,012**	391,846	287,664	264,039
Total liabilities	**270,730**	223,671	176,046	170,449
Total equity	**207,282**	168,175	111,618	93,590

CHAIRMAN'S STATEMENT

I represent the Board of Directors (the "Board") of Goldenmars Technology Holdings Limited (the "Company") to present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2015 (the "Current Year") for shareholders' review.

During the Year, the market conditions of DRAM market were relatively stable, while the industry maintained a healthy development trend. The Group expanded its trade business of central processing unit ("CPU") chips since the beginning of 2014, and the segment delivered rapid growth, recording significant contribution to revenue for the Current Year.

On the overseas expansion front, the Group has captured more Taiwan-based customers, which significantly improved the market penetration of the Group.

The Group recorded revenue of approximately HK$920.3 million for the Current Year, up by approximately 16.8% from that of the Last Corresponding Year. Gross margin was approximately 6.1%, and is fairly stable with Last Corresponding Year's approximately 6.7%. Profit attributable to equity holders of the Company reached approximately HK$25.3 million for the Current Year, representing an increase of approximately 51.0% compared with that of Last Corresponding Year.

Bozhou Botong Information Technology Company Limited (the "Joint Venture") (formerly known as Bozhou Botong Supply Chain Co., Ltd., reference to the announcement of the Company dated 6 November 2014) is dedicated to research and development ("R&D"), manufacturing and selling of smartphones and computer peripheral products. With its production officially commenced in December 2014, the Joint Venture is expected to deliver steady revenue in the second half of 2015.

Looking ahead, the Group will mark the People's Republic of China (the "PRC") as its major market and will adhere to the strategy of lifting its market share of the computers and peripheral products segments through integration and improvement of its overall team strength, with the support of steady overseas expansion plans. These initiatives are expected to become the new growth driver and the long-term sustainable source of revenue for the Group.

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to members of the Board, the management team and all staff members for their efforts and contributions!

George Lu
Chairman

Hong Kong, 19 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Amid the overall flat demand environment in the Current Year, the Group maintained prudent business strategies and inventory planning. Coupled with strict risk control, our profits increased steadily in a challenging and rapidly changing market in the past year. In terms of product mix, CPU business was launched in early 2014 to further expand our product range while increasing our market share, consolidating the development of our core business, maintaining market competitiveness and helping our revenues to increase steadily in the Current Year.

The Joint Venture resolved on 29 July 2014 to increase its registered capital ("Capital Increase", reference to the announcement of the Company dated 30 July 2014). To balance the financial resources of the Group with the amount of business risk of the Joint Venture, the Group did not contribute to the Capital Increase of the Joint Venture. The Capital Increase was completed on 31 October 2014 (reference to the announcement of the Company dated 6 November 2014). Upon completion of the Capital Increase, the equity interests of the Group in the Joint Venture were diluted from 35% to 16.74%. The Joint Venture would continue to be accounted for under the equity method as the Group's management considered that the Group is still able to exert joint control over the Joint Venture.

The Joint Venture officially commenced production in December 2014 and is expected to deliver steady revenue in the second half of 2015.

OUTLOOK

Looking ahead, the Group looks forward to its development in 2015. With the high demand for data centres and the trend of constant upgrade in the specifications of handheld mobile devices, coupled with the expected launch of new products by manufacturers in the second half of 2015, it is expected that the supply of and demand for DRAM will remain steady in the long term. To achieve its long term target of sustained profitability, the Group will continue to actively expand its market share, strictly control costs and enhance capital functioning, with the view of further improving profitability of the Group and continuing to generate better returns and long term values for shareholders.

FINANCIAL REVIEW

Revenue and Gross Profit Margin

The Group's revenue increased by approximately 16.8% from approximately HK$787.7 million for the Last Corresponding Year to approximately HK$920.3 million for the Current Year.

Increase in revenue was mainly resulted from (i) increase in trading orders of CPU chips, a product introduced in early 2014; (ii) more sales made to Taiwan customers; and (iii) was partially offset by the decrease in trading orders of DRAM chips due to the reduced market demand.

Gross profit margin of approximately 6.1% for the Current Year remained fairly stable when compared with the approximately 6.7% recorded for the Last Corresponding Year.

Selling Expenses

The decrease in selling expenses by approximately HK$1.3 million was mainly due to the fact that less promotion activities were arranged and more logistics were organised by customers in the Current Year which led to the drop in freight and transportation expenses.

General and Administrative Expenses

The decrease in general and administrative expenses by approximately HK$4.2 million from the Last Corresponding Year was mainly due to the decrease in listing expenses and staff costs following the enhancement of organisational structure.

Other Income/(Loss)

It mainly represented repair and testing income earned during the Current Year. The loss in the Last Corresponding Year mainly represented loss on disposal of two Surface-Mount Technology ("SMT") production lines to the Joint Venture at a fair price agreed by the relevant parties with reference to a valuation report.

Income Tax Expense

Income tax expense remained fairly stable as the amount of Hong Kong assessable profits were stable in both the Current Year and Last Corresponding Year.

Profit for the Year Attributable to Equity Holders of the Company

The increase in profit attributable to equity holders of the Company by approximately HK$8.6 million for the Current Year was mainly attributable to the increase in operating profit which was partially offset by the increase in share of loss of the Joint Venture.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: special dividend of HK$14.8 million).

Inventories and Trade Receivables

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities which resulted in the decrease in inventories by approximately 63.3% and improvement in inventories turnover days from 43 days for the Last Corresponding Year to 25 days for the Current Year.

The Group, upon internal approval, may grant credit periods after taking into account a number of factors, including among others, the credit history and historical sales performance of customers.

The Group has granted more favourable credit terms to certain customers to enhance its competitive edge and resulted in the increase in trade receivables by approximately HK$92.3 million and trade receivables turnover days from 12 days for the Last Corresponding Year to 37 days for the Current Year.

Placing of shares under general mandate

The Company had completed a placing of 15,000,000 ordinary shares under general mandate on 26 November 2014. The net proceeds, after deducting the placing commission and other related expense payable by the Company, were approximately HK$13.7 million. The Company intends to use such net proceeds as general working capital (reference to the announcement of the Company dated 26 November 2014).

On 9 April 2015, the Company completed another placing of 29,880,000 ordinary shares under general mandate, and the net proceeds, after deducting the placing commission and other related expense payable by the Company, were approximately HK$34.8 million. The Company intended to use such net proceeds as general working capital (reference to the announcement of the Company dated 9 April 2015).

The Company's total number of shares issued after the abovementioned placing of shares under general mandate was 293,880,000 shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Capital Structure

During the Current Year, the long-term funding and general working capital required by the Group were primarily derived from the income generated from its core business operations and the net proceeds from the placing of new shares under general mandate, and were used to settle the trade payables. The Group's liquidity position was well-managed in the Current Year.

As at 31 March 2015, the Group was at a healthy financial position as the pledged deposits at bank together with cash and cash equivalents was slightly higher than its borrowings (that is, net cash position). As at 31 March 2014, the Group's gearing ratio was approximately 20.1%. This ratio was calculated as net debt divided by total capital (the sum of total equity and net debt), while net debt was calculated as total borrowings less pledged deposits at bank and cash and cash equivalents. The improved gearing ratio is mainly due to the increase in bank deposits and cash. Current ratio slightly increased from approximately 1.4 in the Last Corresponding Year to approximately 1.5 in the Current Year.

The Group's financial resources are sufficient to support its business operations.

The capital of the Company comprises only ordinary shares.

Capital Commitments

As at 31 March 2015 and 2014, there is no significant capital commitment.

Pledge of Assets

The Group has pledged the buildings and a bank deposit with aggregate carrying values of approximately HK$62.5 million as at 31 March 2015 (2014: HK$63.4 million) to secure general banking facilities granted to the Group.

Foreign Currency Exposure

The Group exposes to certain foreign currency risk primarily with respect to Renminbi and United States dollar. During the Current Year, there was no material impact to the Group arising from the fluctuation in the exchange rates of these currencies. No hedging or other alternatives have been implemented.

As at 31 March 2015 and 2014, the Group had no significant exposure to fluctuations in foreign exchange rates.

Contingent Liabilities

The Group had no contingent liabilities as at 31 March 2015 and 2014.

Employees and Emolument Policy

As at 31 March 2015, the Group had a total of 48 employees. Employee benefit expenses, including Directors' remuneration for the year ended 31 March 2015, amounted to approximately HK$10.7 million (2014: HK$12.5 million). The Group's remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations.

The Group has also adopted other employee benefit including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON BETWEEN BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business plan as set out in the prospectus issued by the Company dated 30 August 2013 (the "Prospectus") with the Group's actual business progress up to 31 March 2015 (the "Review Period") is set out below:

Business plan for the Review Period	**Actual business progress up to 31 March 2015**
Increase market share	
• expand our sales and marketing team to focus on soliciting of new customers, engage in marketing and advertising	Employed 5 new personnel
• continue to participate in electronic and computer products exhibitions	Participated in the Hong Kong Electronics Fair (Autumn Edition) 2013 held in October 2013.
Strengthen R&D and design capability	
• conduct researches on the latest technologies with focus on developing and improving existing and new products, mainly DRAM modules, USB flash drives and SSD product design	
• purchase of hardware for PCB correction for DRAM modules, purchase of software for PCB design, two types of software design, flash control testing equipment, hardware for SSD design and development, hardware for development of USB flash drivers, hardware and software for testing USB flash drives, and ancillary software for USB flash drives and SSD	Rescheduled to the period from 1 April 2015 to 30 September 2015. The Group had entered into a joint venture contract in relation to the establishment of the Joint Venture as disclosed in the announcement dated 15 November 2013. To further develop DRAM Modules and USB market in the PRC, the Group had disposed two SMT production lines to the Joint Venture and was undergoing installation and testing process. The Group will proceed these business plans after production runs smoothly in the Joint Venture.
• employ PCB designers and engineers	
Enhance quality control and improve production capability	
• purchase of quality control, testing and other ancillary machines	
• purchase of various DRAM module testing software and hardware	

Use of Proceeds

On 9 September 2013 (the "Listing Date"), the Company completed the placing of 69,000,000 shares ("Placing") of par value of HK$0.01 each at an issue price of HK$0.90 per share. The net proceeds from the Placing were approximately HK$36 million, which was based on the final placing of 69,000,000 shares at HK$0.9 per share and after deducting the actual expenses related to the Placing.

During the Review Period, the net proceeds from the Placing had been applied as follows:

	Intended use of proceeds as shown in the Prospectus during the Review Period	Actual use of proceeds during the Review Period
	HK$'000	HK$'000
Increase market share	4,000	713
Strengthen R&D and design capability	4,300	–
Enhance quality control and improve production capability	1,920	–
General working capital	1,000	1,000
	11,220	1,713

The Directors will constantly evaluate the Group's business plan and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. George LU (陸建明), aged 52, our founder and is also the chairman of the Board of Directors. Mr. Lu is responsible for the overall management, operations and strategic development of the Group's business and has over twelve years of experience in the DRAM module industry. Mr. Lu is also a member of Nomination Committee.

Mr. Lu is the spouse of Ms. Shen Wei, an executive Director and a Controlling Shareholder of the Company, and is also the elder brother of Ms. Lu Qinzhen, a senior management of our Group.

Ms. SHEN Wei (沈薇), aged 51, is also a founder of Group, and is responsible for the financial and administrative management of the Group. Ms. Shen has acquired over twelve years of experience in general administration management of DRAM module business. Ms. Shen studied Pharmacology at the China Pharmaceutical University and graduated with a Bachelor of Science degree in 1987. Ms. Shen also obtained a Master of Science degree in Toxicology from the University of New Mexico in 1991 and worked as a postgraduate researcher in the School of Pharmacy, Department of Pharmacy of the University of California, San Francisco from 1991 to 1994.

Ms. Shen is the spouse of Mr. Lu, an executive Director and the Chairman of our Company and the sister-in-law of Ms. Lu Qinzhen, a senior management of our Group.

Ms. LAU Wing Sze (劉詠詩), aged 39, was appointed as an executive Director and the chief executive officer of the Group in June 2012 and is responsible for procurement and inventory control. Ms. Lau joined Goldenmars Technology (Hong Kong) Limited, a wholly owned subsidiary of the Group in July 2005. Ms. Lau has more than seven years of experience in management of DRAM module business. Ms. Lau graduated with a Higher Diploma in Business Studies from the City University of Hong Kong in 1998. Ms. Lau also obtained a Master of Business Administration which is a long distance course from the University of Bradford. Ms. Lau is also a member of the Corporate Governance Committee.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LOO Hong Shing Vincent (盧康成), aged 49, was appointed as an independent non-executive Director on 26 June 2012. Mr. Loo has over 27 years of experience in the accounting, auditing, corporate finance and business advisory areas. Prior to joining the Group, Mr. Loo has over 17 years of auditing experience with Messrs. PricewaterhouseCoopers in Hong Kong. Mr. Loo joined Hengan International Group Company Limited (Stock Code: 1044), a company listed on the Main Board of the Stock Exchange, in 2004 as the chief financial controller and was appointed as its executive director in 2005. Mr. Loo graduated from the Hong Kong Polytechnic University with a Professional Diploma in Accountancy in 1988 and has been a member of the Hong Kong Institute of Certified Public Accountants since 1992 and a fellow member of the Association of Chartered Certified Accountants since 1996. Mr. Loo is currently involved in the financial management and compliance aspects of the Company. He is also the chairman of the Remuneration Committee.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. PANG Chung Fai Benny (彭中輝), aged 42, has been our independent non-executive Director since 26 June 2012. Mr. Pang has been the member of each of the Audit Committee and Remuneration Committee of the Company and the chairman of the Nomination Committee of the Company. Mr. Pang is the managing partner of Messrs. Pang & Co., in association with Loeb & Loeb LLP. Between 1997 and 2009, Mr. Pang practiced as a lawyer with several international law firms in Hong Kong and Sydney. Mr. Pang received his bachelor's degree in laws (honors) from Bond University, Australia, in 1996. In 1997, Mr. Pang obtained his Graduate Diploma in Legal Practice and master's degree in laws from The College of Law, Sydney and the University of New South Wales, Australia, respectively. He has been admitted as a legal practitioner of the Supreme Court of New South Wales, Australia since 1997 and as a solicitor of the High Court of Hong Kong since 2009. He is a member of both the Law Society of New South Wales, Australia and the Law Society of Hong Kong.

Mr. Pang has been appointed as an independent non-executive director of Yuanda China Holdings Limited (Stock Code: 2789), a company listed on the Main Board of the Stock Exchange, since 2011. Mr. Pang has also been appointed as an independent non-executive director of China Bio-Med Regeneration Technology Limited (GEM Stock Code: 8158), a company listed on GEM, since 2012.

Mr. WAN Tak Shing (溫德勝), aged 50, was appointed as an independent non-executive Director on 26 June 2012. Mr. Wan has over 20 years of experience in the audit profession. Mr. Wan joined the Hong Kong office of Messrs. PKF which is a member of PKF International in 2001 and became a partner in 2006. Prior to his current placement with Messrs. PKF, Mr. Wan worked in Messrs. Ernst & Young Hong Kong as manager from 1997 to 2001. Mr. Wan graduated with a Bachelor of Economics degree from the Macquarie University in 1994. Mr. Wan is a practising member of the Hong Kong Institute of Certified Public Accountant and a member of the Certified Practising Accountant Australia since 1996. Mr. Wan Tak Shing is also the chairman of the Audit Committee.

SENIOR MANAGEMENT

Mr. LO Kam Hon Gary (勞錦漢), aged 51, joined the Group in March 2012. He is the chief financial officer of the Company. Mr. Lo is also the company secretary of the Company. He is responsible for the cash flow management, financial reporting, financial planning and risk management of the Group as well as the overall secretarial matters of our Company. Mr. Lo has over 17 years of experience in the accounting, auditing, tax planning and corporate finance areas. Mr. Lo is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Currently Mr. Lo is also an executive director of Global Link Communications Holdings Limited (Stock Code: 8060), a company listed on GEM. His current directorship in Global Link Communications Holdings Limited in no way competes with the Group. The Group and Global Link Communications Holdings Limited and their respective substantial shareholders, directors, senior management members and associates are totally independent of each other and have no past or present relationship with each other at all. Mr. Lo is also the chairman of the Corporate Governance Committee.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. LU Qinzhen (陸芹珍), aged 45, is the finance manager and the vice-chairman of the board of directors of Bodatong Technology (Shenzhen) Company Limited ("Bodatong"), a wholly owned subsidiary of the Group. Ms. Lu joined Bodatong in May 2007. Ms. Lu is responsible for accounting and financial management of Bodatong. Ms. Lu graduated from Suzhou Zhonghua Correspondence School of Accounting (蘇州市中華會計函授學校) in 2003, majoring in accounting (long distances course). Ms. Lu is also a member of the Corporate Governance Committee.

Ms. Lu is the younger sister of Mr. George Lu, an executive Director and sister-in-law of Ms. Shen Wei, an executive Director.

Mr. LI Guotao (李國濤), aged 37, is the deputy general manager of Bodatong. Mr. Li joined Bodatong in September 2011 and is responsible for the general management of Bodatong. Prior to joining the Group, he was employed as the manager for manufacturing systems and management representative at Kongtop Industrial Company Limited from 2009 to 2011. From 2008 to 2009, Mr. Li worked as the manager at the engineering department of Hongfutai Electronic Science and Technology Company Limited.

Mr. LIANG Zhiyuan (梁智淵), aged 34, is the general manager of the research and development division of Bodatong. He joined Bodatong in May 2007 and is primarily responsible for the research, design and development and resolving problems relating to product technology. Prior to joining our Group, Mr. Liang worked for Kinwei Technology (Shenzhen) Co., Ltd. (建威科技(深圳)有限公司) during 2004 to 2007 as an engineer responsible for designs of various products such as DRAM modules and USB flash drives. Mr. Liang graduated with a Bachelor in Control Technology and Instrument from Guilin University of Electronic Technology (桂林電子科技大學) in 2003.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

PRINCIPAL SUBSIDIARIES AND JOINT VENTURE

Details of the principal subsidiaries and Joint Venture as at 31 March 2015 are set out in notes 7 and 8 to the consolidated financial statements respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 33 and 34 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: special dividend of HK$14.8 million).

USE OF PROCEEDS

The proceeds (net of underwriting fees and other listing expenses) from the Placing were approximately HK$36 million. For details of the use of the above proceeds, please refer to the "Use of Proceeds" paragraph under the section headed "Management Discussion and Analysis" on page 10 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 14 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's articles of association or the relevant law of the Cayman Islands, being the jurisdiction in which the Company was incorporated which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

RESERVES

Details of the movements in the reserves of the Company and the Group during year are set out in note 15 to the consolidated financial statements and the consolidated statement of changes in equity on pages 35 and 36, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the Company's reserves available for distribution to equity holders, comprising the share premium, contributed surplus and retained earnings, amounted to approximately HK$159.7 million.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of HK$65.3 million may be applied for paying distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	24.6%
– five largest suppliers combined	76.1%
Sales	
– the largest customer	45.9%
– five largest customers combined	81.7%

None of the Directors, or any of their close associates or any shareholder (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers noted above.

REPORT OF THE DIRECTORS

BOARD OF DIRECTORS

The Directors who were in office during year and up to the date of this report are named as follows:

Executive Directors

Mr. George Lu *(Chairman)*
Ms. Shen Wei
Ms. Lau Wing Sze *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Loo Hong Shing Vincent
Mr. Pang Chung Fai Benny
Mr. Wan Tak Shing

In accordance with Articles 16.18 of the Articles of Association, Ms. Shen Wei and Mr. Pang Chung Fai Benny will retire from office by rotation and being eligible, have offered themselves for re-election at the forthcoming Annual General Meeting ("AGM").

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of them to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 11 to 13 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company, pursuant to which each of them has agreed to act as an executive Director for three years with effect from the Listing Date. The appointment of an executive Director may be terminated by the giving of three months' written notice by the Company to that executive Director or vice versa.

Each of the independent non-executive Directors has been appointed for an initial term of three years commencing from the Listing Date. The appointment of an independent non-executive Director may be terminated by the giving of three months' written notice by the Company to that independent non-executive Director or vice versa.

None of the Directors proposed for re-election at the AGM and stated in the paragraph headed "Board of Directors" above, has entered into any other service contract with the Company.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in note 22 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2015, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital
Mr. George Lu	Interest of controlled corporation (Note 1)	179,640,000	68.05
Ms. Shen Wei	Interest of controlled corporation (Note 1)	179,640,000	68.05
Ms. Lau Wing Sze	Interest of controlled corporation (Note 2)	360,000	0.14
Ms. Lau Wing Sze	Beneficial owner	1,578,000	0.60

(1) Each of Mr. George Lu and Ms. Shen Wei, husband and wife, holds 50% interest in Forever Star Capital Limited ("Forever Star"), a company incorporated in the British Virgin Islands, respectively. Therefore, both of them are deemed to be interested in all the Shares which are beneficially owned by Forever Star.

(2) The 360,000 shares were registered in the name of Nice Rate Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is held by Ms. Lau Wing Sze.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2015, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Division 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the Shares and the underlying Shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Forever Star Capital Limited	Beneficial owner	179,640,000	68.05

(1) Each of Mr. George Lu and Ms. Shen Wei holds 50% interest in Forever Star Capital Limited respectively.

SHARE OPTION SCHEME

The Company's existing share option scheme was conditionally approved by a written resolution of the Shareholders of our Company dated 21 August 2013, which comply with Chapter 23 of the GEM Listing Rules governing share option schemes of listed companies. A summary of the principal terms of the share option scheme is set out in the paragraph headed "Share Option Scheme" in Appendix V to the Prospectus.

During the year ended 31 March 2015, no option was granted, exercised or lapsed under the share option scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

INTEREST OF COMPLIANCE ADVISER

As stated in the announcement of the Company dated 9 June 2014, the Company and Tanrich Capital Limited ("Tanrich") have mutually agreed to terminate the compliance adviser's agreement with effect from 9 June 2014 due to the personnel changes and material changes in the human resources of Tanrich.

As notified by Tanrich, except for the compliance adviser agreement entered into between the Company and Tanrich dated 28 August 2013, neither Tanrich nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 9 June 2014 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

On 17 June 2014, the Company has appointed China Everbright Capital Limited ("China Everbright") as compliance adviser. As notified by China Everbright, except for the compliance adviser agreement entered into between the Company and China Everbright dated 17 June 2014, neither China Everbright nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2015 and up to the date of this report which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2015.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2015, none of the Directors, controlling shareholders of the Company or any of their respective associates is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under Rule 11.04 of the GEM Listing Rules.

DEED OF NON-COMPETITION

Each of Forever Star Capital Limited, Mr. George Lu, Ms. Shen Wei and Ms. Lau Wing Sze (together as the "Controlling Shareholders") had entered into a deed of non-competition dated 21 August 2013 (the "Deed of Non-Competition") in favour of the Company (for itself and on behalf of all members of the Group), pursuant to which, each of the Controlling Shareholders would not, and would use his/its best endeavours to procure his/its associates (except any members of our Group) not to directly or indirectly carry on, engage, participate or hold any right or interest in or render any services to or otherwise be interested and/or involved (in each case whether as shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which may be in competition with the business carried on by the Group from time to time, except where the Company's approval is obtained.

Details of the Deed of Non-Competition are set out in the section headed "Relationship with our Controlling Shareholders – Non-Competition Undertakings" of the Prospectus.

The Company confirms that each of the Controlling Shareholders have complied with the Deed of Non-Competition throughout the year ended 31 March 2015. In order to ensure the Controlling Shareholders have complied with the Deed of Non-Competition, each of the Controlling Shareholders have provided to the Company a written confirmation that (i) in respect of his/its compliance with the Deed of Non-Competition for the year ended 31 March 2015 and no personal interests were ever declared by any Controlling Shareholders who are also Directors at the Directors' meetings; and (ii) stating that they and their respective associates did not directly or indirectly, carry on or hold any right or interests in or render any services to, or is otherwise involved in, any business which may be in competition with the business carried on by the Group from time to time.

The independent non-executive Directors of the Company have also reviewed the status of the compliance by each of the Controlling Shareholders with the undertakings in the Deed of Non-Competition and have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the Deed of Non-Competition given by them.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of position, duties and performance of the employees.

The emoluments of the Directors are decided by the board of Directors, having regard to the Company's operating results, individual performance and comparable market statistics.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained a sufficient public float (i.e. at least 25% of the issued Shares were held by the public) as required by Rule 17.38A of the GEM Listing Rules throughout the Current Year and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Current Year.

EVENT AFTER REPORTING PERIOD

Details of event after reporting date are set out in note 31 to the consolidated financial statements.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 22 to 27 of this annual report.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2015 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2015 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

REPORT OF THE DIRECTORS

AUDITOR

The consolidated financial statements for the year ended 31 March 2015 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution to re-appoint PricewaterhouseCoopers and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

On behalf of the Board

George Lu

Chairman

Hong Kong, 19 June 2015

As at the date of this report, the Executive Directors of the Company are Mr. George Lu, Ms. Shen Wei and Ms. Lau Wing Sze; and the independent Non-Executive Directors of the Company are Mr. Loo Hong Shing Vincent, Mr. Pang Chung Fai Benny and Mr. Wan Tak Shing.

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors. In this regard, a Corporate Governance Committee of the Board has been established with primary responsibility for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

The Company has adopted the requirements under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. During the Current Year, the Company had complied with the code provisions set out in the CG Code, to the extent applicable and permissible.

Accordingly, the Board is pleased to present the Corporate Governance Report for the Current Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all the Directors confirmed that they had complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by Directors throughout the Current Year.

BOARD OF DIRECTORS

Throughout the Current Year and as at the date of this annual report, the Board comprises six members, three of which are executive Directors, namely Mr. George Lu who is the chairman of the Company, Ms. Shen Wei and Ms. Lau Wing Sze who is the chief executive officer of the Company. Three other members are independent non-executive Directors, namely Mr. Loo Hong Shing Vincent, Mr. Pang Chung Fai Benny and Mr. Wan Tak Shing. The biographical details of the Directors and relationship between them (if any) are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 11 to 13 of this annual report.

The Articles of Association provide that one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management and corporate governance functions. The executive Directors are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent non-executive Directors provide their professional advices to the Group whenever necessary.

Composition of the Board, including names of the independent non-executive Directors, is disclosed in all corporate communications to shareholders of the Company.

All Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company. The Company has arranged appropriate insurance cover for the Directors.

ATTENDANCE OF DIRECTORS AT MEETINGS

The Board held 11 Board meetings and one general meeting during the Current Year and up to the date of this annual report.

The attendances of the Directors at various meetings held during the Current Year and up to the date of this annual report are set out below:

	Number of meetings attended/held					
	General meeting	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Corporate Governance Committee meetings
Mr. George Lu	1/1	11/11	N/A	N/A	2/2	N/A
Ms. Shen Wei	0/1	11/11	N/A	N/A	N/A	N/A
Ms. Lau Wing Sze	1/1	11/11	N/A	N/A	N/A	2/2
Mr. Loo Hong Shing Vincent	1/1	11/11	5/5	2/2	2/2	N/A
Mr. Pang Chung Fai Benny	1/1	11/11	5/5	2/2	2/2	N/A
Mr. Wan Tak Shing	1/1	11/11	5/5	2/2	N/A	N/A

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors had confirmed that they had complied with the code provision A.6.5 of the CG Code during the Current Year by participating in continuous professional development. The Company has arranged an in-house seminar on GEM Listing Rules for the Directors in September 2014, to ensure all Directors can have the most update information.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. George Lu is the chairman of the Company and Ms Lau Wing Sze is the chief executive officer of the Company, and they have segregated and clearly defined roles. The chairman of the Company provides leadership for the Board. The chief executive officer of the Company is responsible for the Group's overall business and development strategies, and general daily management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has three independent non-executive Directors, all of them has appropriate professional qualification or related financial management expertise. The Company has received a written confirmation of independence from each of the independent non-executive Directors. The Company considers that each of the independent non-executive Directors is independent.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

All the independent non-executive Directors have been appointed for a term of three years commencing from the Listing Date.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee with its role and function set out in its specific written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company. The principal duties of the Remuneration Committee are to formulate the Company's remuneration policy and recommend remuneration packages of the Directors and senior management of the Company to the Board for approval. The Company remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The performance appraisal system varies according to the positions of the employees. The performance appraisal is supervised by Mr. George Lu, Ms. Lau Wing Sze and Mr. Lo Kam Hon Gary, Chairman of the Corporate Governance Committee.

During the Current Year and as at the date of this annual report, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of the Remuneration Committee, Mr. Pang Chung Fai Benny and Mr. Wan Tak Shing.

During the Current Year and up to the date of this annual report, two meetings of the Remuneration Committee were held to make recommendation to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management and on the establishment of a procedure for developing policy on such remuneration; and determine or recommend to the Board on the remuneration packages of all the executive Directors and the senior management, and recommend to the Board of the remuneration of the non-executive Directors. All members of the Remuneration Committee attended the meeting.

NOMINATION COMMITTEE

The Nomination Committee with specific written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company.

During the Current Year and as at the date of this annual report, the Nomination Committee comprised two independent non-executive Directors, namely Mr. Pang Chung Fai Benny as the Chairman of the Nomination Committee, Mr. Loo Hong Shing Vincent and Mr. George Lu, an executive Director.

Major responsibilities of the Nomination Committee are to formulate and implement the policy for nominating candidates for election by shareholders at the general meeting (either to fill a casual vacancy or as an addition to the Board), assess the independence of non-executive Directors and propose re-election of retiring Directors.

During the Current Year and up to the date of this annual report, two meetings of the Nomination Committee were held to review the structure and composition of the Board, adoption of the board diversity policy and revised written terms of reference to the Nomination Committee. All members of the Nomination Committee attended the meeting.

BOARD DIVERSITY POLICY

During the Current Year, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Directors appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Board has established an Audit Committee with written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company. The principal duties of the Audit Committee are to review the Company's financial statement, accounts, quarterly and interim results and to provide advice and comments thereon to the Board. The Audit Committee will also be responsible for reviewing and supervising the Group's financial reporting and internal control procedures.

During the Current Year and as at the date of this annual report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wan Tak Shing as the Chairman of the Audit Committee, Mr. Loo Hong Shing Vincent and Mr. Pang Chung Fai Benny. The Audit Committee held five meetings during the Current Year and up to the date of this annual report to review the quarterly results, interim results, annual results and internal control system of the Group. Two of the meetings were attended with the Company's independent auditor so that the members of the Audit Committee could exchange their views and concerns on the financial reporting process of the Group with the auditor. All members of the Audit Committee attended all meetings held.

CORPORATE GOVERNANCE COMMITTEE

The Board has established a Corporate Governance Committee with written terms of reference in accordance with the provisions set out in the CG Code and Corporate Governance Report as set out in the GEM Listing Rules, which are posted on the websites of the Company.

Its primary functions include: (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to our Board; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees of the Group; (v) to review the Company's compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules and disclosure in the Corporate Governance Report as required under Appendix 15 to the GEM Listing Rules; and (vi) to consider other matters, as authorised by the Board.

During the Current Year and as at the date of this annual report, the Corporate Governance Committee comprised one executive Director and two senior management, namely Mr. Lo Kam Hon Gary as the Chairman of the Corporate Governance Committee, Ms. Lau Wing Sze and Ms. Lu Qinzhen. The Corporate Governance Committee held two meeting during the Current Year and up to the date of this annual report and each committee member had full attendance for all the meetings.

CORPORATE GOVERNANCE FUNCTIONS

The Board and the Corporate Governance Committee have reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the training and continuous professional development of Directors and senior management and reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements during the Current Year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of its profit and cash flows for the year ended 31 March 2015. The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the GEM Listing Rules and pursuant to the relevant statutory requirements.

The statement issued by the auditor of the Company, PricewaterhouseCoopers, regarding their reporting responsibilities is set out in the section headed "Independent Auditor's Report" on pages 28 to 29 of this annual report.

INTERNAL CONTROLS

The Board has the overall responsibility for the internal control of the Group, including risk management, and setting appropriate policies having regard to the objectives of the Group. The Board, through the Audit Committee, had conducted a review on the effectiveness of the Group's internal control system of financial and non-financial controls during the Current Year. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. Controls are monitored by regular management review.

AUDITOR'S REMUNERATION

The auditor, PricewaterhouseCoopers, provide both audit and non-audit services to the Group. The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment, removal and remuneration of the independent auditor.

For the year ended 31 March 2015, the fee for audit services provided to the Group amounted to approximately HK$1.1 million (2014: HK$1.0 million).

CONSTITUTIONAL DOCUMENTS

During the Current Year, there is no significant change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS

The Company provides information in relation to the Group to the shareholders in a timely manner through a number of formal channels, including interim and annual reports, announcements and circulars. Such published documents together with the corporate information of the Group are also available on the Company's website (www.goldenmars.com).

Subject to applicable laws and regulations, including the GEM Listing Rules and the Articles of Association as amended from time to time, shareholders may convene a general meeting/put forward proposals in accordance with the following provisions:

1. One or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings can deposit a written request to convene a special general meeting ("SGM") at the principal place of business of the Company in Hong Kong, for the attention of the Board or the Company Secretary.
2. The written request must state the name of the shareholders concerned, their respective shareholdings, the objects of the meeting, including details of the business(es) and resolutions proposed to be considered and approved at the meeting, signed by the shareholders concerned.
3. The request will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.
4. If within 21 days of such deposit of the requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.
5. The notice period to be given to the shareholders in respect of the SGM varies according to the nature of the proposal. Notice of the SGM at which the passing of a special resolution is to be considered, notice of the SGM shall be arranged to be sent to the shareholders at least 21 clear days or 10 clear business days (whichever is longer) before such SGM.

Procedures for shareholders sending enquiries to the Board

1. Enquiries about shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or go in person to its public counter at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. Enquiries about corporate governance or other matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the Board or Company Secretary, by mail to 29th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. Shareholders may call the Company at (852) 2314 0822 for any assistance.

INDEPENDENT AUDITOR'S REPORT

pwc 羅兵咸永道

TO THE SHAREHOLDERS OF GOLDENMARS TECHNOLOGY HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Goldenmars Technology Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 30 to 85, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap.32), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GOLDENMARS TECHNOLOGY HOLDINGS LIMITED (CONTINUED)

(incorporated in Cayman Islands with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap.32).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 June 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	As at 31 March 2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**50,915**	52,169
Investment in a joint venture	8	**21,078**	24,010
Non-current deposits	10	**196**	196
Deferred tax assets	18	**–**	36
		72,189	76,411
Current assets			
Inventories	9	**31,836**	86,736
Trade receivables	10	**140,579**	48,231
Deposits, prepayments and other receivables	10	**2,255**	12,243
Amount due from a joint venture	30	**–**	3,683
Pledged deposits at bank	11	**15,790**	15,298
Bank deposits with original maturity over three months	12	**–**	29,510
Cash and cash equivalents	13	**215,363**	119,734
		405,823	315,435
Total assets		**478,012**	391,846

The notes on pages 38 to 85 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2015

	Note	As at 31 March 2015 HK$'000	2014 HK$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	14	**2,640**	2,490
Other reserves	15	**123,013**	109,403
Retained earnings		**81,629**	56,282
Total equity		**207,282**	168,175
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	18	**68**	–
		68	–
Current liabilities			
Trade payables	16	**31,206**	41,667
Other payables and accrued expenses	16	**6,950**	2,576
Borrowings	17	**231,131**	177,210
Current income tax liabilities		**1,375**	2,218
		270,662	223,671
Total liabilities		**270,730**	223,671
Total equity and liabilities		**478,012**	391,846
Net current assets		**135,161**	91,764
Total assets less current liabilities		**207,350**	168,175

These consolidated financial statements on pages 30 to 85 were approved for issue by the Board of Directors on 19 June 2015 and were signed on its behalf

George Lu
Director

Lau Wing Sze
Director

The notes on pages 38 to 85 are integral parts of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	As at 31 March **2015** **HK$'000**	 2014 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	7	**160,090**	147,214
Current asset			
Amount due from a subsidiary	30	**2,234**	2,234
Total assets		**162,324**	149,448
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	**2,640**	2,490
Other reserves	15	**160,447**	146,920
(Accumulated losses)/retained earnings	15	**(763)**	38
Total equity		**162,324**	149,448
Total equity and liabilities		**162,324**	149,448
Net current assets		**2,234**	2,234
Total assets less current liabilities		**162,324**	149,448

These consolidated financial statements on pages 30 to 85 were approved for issue by the Board of Directors on 19 June 2015 and were signed on its behalf

George Lu
Director

Lau Wing Sze
Director

The notes on pages 38 to 85 are integral parts of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	Note	Year ended 31 March 2015 HK$'000	2014 HK$'000
Revenue	5	**920,269**	787,650
Cost of sales	20	**(864,139)**	(735,120)
Gross profit		**56,130**	52,530
Selling expenses	20	**(2,422)**	(3,740)
General and administrative expenses	20	**(15,523)**	(19,766)
Other income/(loss)	23	**1,883**	(1,079)
Operating profit		**40,068**	27,945
Gain on deemed partial disposal of interest in a joint venture	8	**633**	–
Share of loss of a joint venture	8	**(3,665)**	(228)
Finance costs	24	**(4,387)**	(3,474)
Profit before income tax		**32,649**	24,243
Income tax expense	25	**(7,302)**	(7,453)
Profit for the year attributable to equity holders of the Company		**25,347**	16,790
Earnings per share attributable to the equity holders of the Company			
Basic and diluted	27	**HK9.97 cents**	HK7.68 cents

The notes on pages 38 to 85 are integral parts of these consolidated financial statements.

	Note	Year ended 31 March 2015 HK$'000	2014 HK$'000
Dividends	26	**–**	14,830

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Comprehensive income		
Profit for the year	**25,347**	16,790
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	**83**	401
Total comprehensive income for the year attributable to equity holders of the Company	**25,430**	17,191

The notes on pages 38 to 85 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

		Attributable to equity holders of the Company								
			Other reserves							
	Note	Share capital	Share premium	Merger reserve Note 15(i)(a)	Capital reserve Note 15(i)(b)	Statutory reserve Note 15(i)(c)	Exchange reserve	Sub total	Retained earnings	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2015										
Balance at 1 April 2014		2,490	51,806	50,374	2,480	1,042	3,701	109,403	56,282	168,175
Comprehensive income										
Profit for the year		–	–	–	–	–	–	–	25,347	25,347
Other comprehensive income										
Currency translation differences		–	–	–	–	–	83	83	–	83
Total comprehensive income		–	–	–	–	–	83	83	25,347	25,430
Transaction with owners										
Issuance of shares by placing	14	150	13,950	–	–	–	–	13,950	–	14,100
Share issuance expenses		–	(423)	–	–	–	–	(423)	–	(423)
Balance at 31 March 2015		**2,640**	**65,333**	**50,374**	**2,480**	**1,042**	**3,784**	**123,013**	**81,629**	**207,282**

The notes on pages 38 to 85 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2015

		Attributable to equity holders of the Company								
			Other reserves							
	Note	Share capital	Share premium	Merger reserve Note 15(i)(a)	Capital reserve Note 15(i) (b)	Statutory reserve Note 15(i)(c)	Exchange reserve	Sub total	Retained earnings	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2014										
Balance at 1 April 2013		100	–	50,374	2,480	1,042	3,300	57,196	54,322	111,618
Comprehensive income										
Profit for the year		–	–	–	–	–	–	–	16,790	16,790
Other comprehensive income										
Currency translation differences		–	–	–	–	–	401	401	–	401
Total comprehensive income		–	–	–	–	–	401	401	16,790	17,191
Transaction with owners										
Issuance of shares by placing	14	690	61,410	–	–	–	–	61,410	–	62,100
Capitalisation issue	14	1,700	(1,700)	–	–	–	–	(1,700)	–	–
Listing and share issuance expenses		–	(7,904)	–	–	–	–	(7,904)	–	(7,904)
Special dividend declared on 21 August 2013	26	–	–	–	–	–	–	–	(14,830)	(14,830)
Balance at 31 March 2014		2,490	51,806	50,374	2,480	1,042	3,701	109,403	56,282	168,175

The notes on pages 38 to 85 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	Year ended 31 March 2015 HK$'000	 2014 HK$'000
Cash flows from operating activities			
Cash generated from operations	28	**12,576**	17,777
Income tax paid		**(8,041)**	(7,148)
Net cash generated from operating activities		**4,535**	10,629
Cash flows from investing activities			
Interest received		**679**	5
Purchase of property, plant and equipment	6	**(1,958)**	(316)
Proceeds from disposal of property, plant and equipment	28	**–**	114
Investment in a joint venture		**–**	(24,238)
Decrease/(increase) in bank deposits with original maturity over three months		**29,510**	(29,510)
Increase in pledged deposits at bank		**(492)**	(15,298)
Net cash generated from/(used in) investing activities		**27,739**	(69,243)
Cash flows from financing activities			
Interest paid		**(4,387)**	(3,474)
Drawdown of bank borrowings		**721,327**	531,570
Repayment of bank borrowings		**(667,406)**	(508,997)
Repayment of finance lease liabilities		**–**	(1,130)
Proceeds from issuance of ordinary shares		**14,100**	62,100
Payment of listing and share issuance expenses		**(423)**	(4,065)
Dividend paid		**–**	(30)
Net cash generated from financing activities		**63,211**	75,974
Net increase in cash and cash equivalents		**95,485**	17,360
Cash and cash equivalents at beginning of year		**119,734**	103,392
Effect of change in exchange rate		**144**	(1,018)
Cash and cash equivalents at end of the year	13	**215,363**	119,734

The notes on pages 38 to 85 are integral parts of these consolidated financial statements.

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 February 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is 29th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries (which, together with the Company, are collectively referred to as "the Group") are principally engaged in (i) manufacturing and sales of dynamic random-access memory ("DRAM") modules, USB flash drives and other data memory products, and (ii) trading of DRAM chips, DRAM modules, NAND flash chips and CPU chips (the "Business").

The directors considered Mr. George Lu and Ms. Shen Wei, spouse of Mr. Lu, to be the ultimate controlling shareholders.

The Company's shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 September 2013.

These consolidated financial statements are presented in Hong Kong dollar ("HK$"), unless otherwise stated.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention. The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New standards, amendments and interpretations which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2014:

Amendment to HKAS 32, "Financial instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the consolidated financial statements.

Amendments to HKAS 36, "Impairment of assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in HKAS 36 by the issue of HKFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The adoption of the amendments does not have an impact on the consolidated financial statements because the Group has no impairment of assets which is subject to the disclosures of HKAS 36 during the years presented.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) New standards, amendments and interpretations which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2014: *(Continued)*

Amendment to HKAS 39, "Financial instruments: Recognition and measurement" on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to "over-the-counter" derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group is not currently subjected to hedge accounting so the impact on the Group is minimal.

HK(IFRIC)-Int 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is minimal.

There are no other new standards that are effective for the first time for the financial year beginning on or after 1 April 2014 that are expected to have a material impact on the Group.

(b) The following new standards, amendments and interpretations are relevant to the Group, but not yet effective for accounting periods beginning on 1 April 2014 and have not been early adopted:

		Accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKAS 1 Amendment	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9 (2014)	Financial Instruments	1 January 2018

Management is in the process of making an assessment of the impact of these new standards, amendments and interpretations but has considered on a preliminary basis that these standards will not have a significant impact on the Group's financial statements in the coming year.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses or transactions between group companies are eliminated. Profits and losses resulting from inter-company transaction that are recognised in asset are also eliminated. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Business combinations

The Group applies the acquisition method to account for business combinations, except for those carried out under common control which are accounted for using the principles of merger accounting. Under the acquisition method, the consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Joint ventures

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Company's presentation and functional currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in the other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

On disposal of a foreign operation and partial disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on property, plant and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Over the lease terms
Leasehold improvements	5 years or over the remaining lease terms, whichever is a shorter period
Buildings	40 to 50 years or over the lease terms, whichever is a shorter period
Machineries	3 to 10 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.6 Impairment of investments in subsidiaries and non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.7 Financial assets

2.7.1 Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, deposits, amount due from a joint venture, pledged deposits at bank, bank deposits with original maturity over three months and cash and cash equivalents in the consolidated statement of financial position.

Loans and receivables are carried at amortised cost using the effective interest method.

2.7.2 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Carrying amount of an impaired asset is reduced through the use of an allowance account, and the amount of loss is recognised in profit or loss, when a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials and assembly cost. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or assembly service performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and other payables

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.14 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. Deposits received in advance from customers for goods that have not been delivered are recognised as "Receipt in advance" in the consolidated statement of financial position.

(b) Interest income

Interest income represents bank interest income and is recognised on time-proportion basis using the effective interest method.

(c) Other service income

Other service income is recognised when the related services are rendered.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits

(a) Pension obligations

The Group participates in general defined contribution pension schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

In accordance with the rules and regulations in the People's Republic of China (the "PRC"), the PRC based employees of the subsidiary participate in various defined contribution retirement benefit, housing fund, medical insurance and unemployment fund plans organised by the relevant municipal and provincial governments in the PRC under which the subsidiary and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in profit or loss as employee benefit expenses when they are incurred.

(b) Bonus plans

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.19 Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.21 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the respective shareholders of the group companies.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivative financial instruments to hedge its risk exposures.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong and Mainland China and most of their transactions are denominated in Hong Kong dollar ("HK$"), Renminbi ("RMB") and United States dollar ("US$"). The Group is exposed to foreign exchange risk primarily through sales, purchases, capital expenditure and expenses transactions that are denominated in a currency other than the functional currency. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group is presently not using any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant.

(ii) Price risk

The Group is exposed to fluctuations in the market price of its products including DRAM chips, DRAM modules, USB flash drives, NAND flash chips and CPU chips, the prices of which are influenced by global as well as regional supply and demand conditions. The Group is able to partially recover increase in costs from customers through price adjustments, which may partially mitigate the price risk. The Group has not used any derivative instruments to hedge such economic exposures.

(iii) Cash flow interest rate risk

The Group's interest rate risk arises mainly from bank borrowings. Borrowings carried at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk exposure. Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level.

Based on the sensitivity analysis performed by management, if interest rates had been 100 (2014: 100) basis points higher/lower on the Group's bank borrowings (net of bank deposits) with all other variable held constant, the pre-tax profit for the year would have been HK$63,000 (2014: HK$320,000) lower/higher.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk is managed at group level. Credit risk primarily arises from trade receivables and other receivables, deposits, pledged deposits at bank, bank deposits with original maturity over three months and cash and cash equivalents included in the consolidated statement of financial position which represent the Group's maximum exposure to credit risk in relation to its financial assets.

The credit risk on liquid funds is limited because cash at banks are placed with reputable financial institutions in Hong Kong and the PRC which management believes are of sound credit quality and without major credit risk.

The Group has concentrations of credit risk which arise from trade receivables from its customers. Trade receivables from the Group's five largest customers in aggregate account for 98% (2014: 95%) of the Group's total trade receivables at 31 March 2015. Management does not expect any losses from non-performance by these counterparties. The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Settlements from these customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified. Follow-up action is taken to recover the overdue debts.

For other receivables and deposits, the directors consider the Group's credit risk to be minimal taking into account the financial position of the counterparties.

(c) Liquidity risk

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including short-term bank borrowings.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. Balances due within twelve months other than borrowings and finance lease liabilities equal their carrying balances, as the impact of discounting is not significant.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

Group

	On demand HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Over 2 years HK$'000	Total HK$'000
As at 31 March 2015					
Borrowings and interest payable	231,709	–	–	–	231,709
Trade and other payables (excluding non-financial liabilities)	–	33,592	–	–	33,592
	231,709	33,592	–	–	265,301
As at 31 March 2014					
Borrowings and interest payable	177,644	–	–	–	177,644
Trade and other payables (excluding non-financial liabilities)	–	43,608	–	–	43,608
	177,644	43,608	–	–	221,252

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), as shown in the consolidated statement of financial position. Net debt is calculated as total borrowings less pledged deposits at bank and cash and cash equivalents.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management *(Continued)*

The Group's strategy was to maintain a solid capital base to support the operations and development of its business in the long term. The gearing ratios as at 31 March 2015 and 2014 were as follows:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Borrowings (Note 17)	**231,131**	177,210
Less: Cash and cash equivalents (Note 13)	**(215,363)**	(119,734)
Pledged deposits at bank (Note 11)	**(15,790)**	(15,298)
Net (asset)/debt	**(22)**	42,178
Total equity	**207,282**	168,175
Total capital	**207,260**	210,353
Gearing ratio	**N/A**	20.1%

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and financial liabilities including trade and other receivables, pledged deposits at bank, bank deposits with original maturity over three months, cash and cash equivalents, trade and other payables and bank borrowings approximate their respective fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(a) Estimated impairment of inventories

The carrying value of inventory is reviewed by management at each reporting date to ensure that it is not recorded at a value higher than net realisable value. Management tests whether inventory suffered any impairment based on estimates of the net realisable value of the inventory.

Management estimates the net realisable value based primarily on current market conditions and the historical experience of manufacturing and selling products of similar nature and make allowance if the net realisable value is lower than the cost. These estimates could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Where the actual net realisable values are less than expected, an allowance may arise. Management reassesses the estimations at the date of the statement of financial position.

(b) Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on assessment of the recoverability of trade and other receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

(c) Useful lives and depreciation of property, plant and equipment

The Group determines the estimated lives for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to industry cycles.

The Group will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(d) Current and deferred income tax

The Group is principally subject to income taxes both in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to temporary differences are recognised when management expects it is probable that future taxable profits will be available to utilise against the temporary differences. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets in the period in which such estimates have been changed.

(e) Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

5. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company ("CODM"). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports.

The CODM considers that the Group has a single operating and reporting segment which is the manufacturing and sales of DRAM chips, DRAM modules, NAND flash chips, CPU chips, USB flash drives and related products. CODM assesses the performance of this single segment based on revenue and operating result.

Revenue of the Group is analysed as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Sales of DRAM chips	**166,670**	354,782
Sales of DRAM modules	**222,822**	195,201
Sales of NAND flash chips	**119,867**	165,470
Sales of CPU chips	**397,338**	50,824
Sales of USB flash drives	**10,104**	20,154
Provision of assembly services	**1,638**	505
Others	**1,830**	714
	920,269	787,650

Most of the Group's sales were carried out by a subsidiary in Hong Kong.

Revenue from top five customers is as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Revenue from top five customers	**752,187**	471,796
Total revenue	**920,269**	787,650
Percentage	**82%**	60%
Number of customers that individually accounted for more than 10% of the Group's revenue	**3**	3

For the year ended 31 March 2015, there were three customers that individually accounted for approximately 46%, 15% and 15% (2014: 19%, 14% and 13%) of the Group's revenue respectively.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group's total non-current assets (excluding investment in a joint venture) are located in the following regions:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Hong Kong	**49,140**	49,524
The PRC	**1,869**	2,744
Others	**102**	133
	51,111	52,401

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Leasehold improvements	Machineries	Office equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2014							
Opening net book amount	49,498	1,042	8,637	388	93	647	60,305
Additions	–	85	2	179	50	–	316
Disposals	–	–	(4,808)	(67)	–	–	(4,875)
Depreciation (Note 20)	(1,404)	(341)	(1,476)	(294)	(33)	(181)	(3,729)
Exchange realignment	–	–	144	4	–	4	152
Closing net book amount	48,094	786	2,499	210	110	470	52,169
At 31 March 2014							
Cost	52,306	1,741	4,820	1,182	209	2,647	62,905
Accumulated depreciation	(4,212)	(955)	(2,321)	(972)	(99)	(2,177)	(10,736)
Net book amount	48,094	786	2,499	210	110	470	52,169
Year ended 31 March 2015							
Opening net book amount	48,094	786	2,499	210	110	470	52,169
Additions	–	–	–	–	–	1,958	1,958
Disposals	–	–	–	(2)	–	–	(2)
Depreciation (Note 20)	(1,404)	(344)	(794)	(97)	(38)	(537)	(3,214)
Exchange realignment	–	(2)	6	–	(1)	1	4
Closing net book amount	**46,690**	**440**	**1,711**	**111**	**71**	**1,892**	**50,915**
At 31 March 2015							
Cost	52,306	1,741	4,820	1,180	209	4,605	64,861
Accumulated depreciation	(5,616)	(1,301)	(3,109)	(1,069)	(138)	(2,713)	(13,946)
Net book amount	**46,690**	**440**	**1,711**	**111**	**71**	**1,892**	**50,915**

6. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group's interests in leasehold properties are analysed as follows:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
In Hong Kong, held on:		
Leases of between 10 and 50 years	**46,690**	48,094

Depreciation of the Group's property, plant and equipment has been charged to the consolidated income statement as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Cost of sales	**735**	1,579
General and administrative expenses	**2,479**	2,150
	3,214	3,729

The Group's leasehold properties were pledged as collateral for the Group's bank borrowings as at 31 March 2015 (2014: same) (Note 17).

7. INTERESTS IN SUBSIDIARIES – THE COMPANY

Interests in subsidiaries

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Unlisted investment, at cost	**95,214**	95,214
Amounts due from subsidiaries	**64,876**	52,000
	160,090	147,214

Amounts due from subsidiaries are unsecured, non-interest bearing and not repayable within the next twelve months from the date of the statements of financial position and are regards as equity contribution by the Company.

The directors are of the opinion that the underlying values of the subsidiaries were not less than their carrying values as at 31 March 2015.

7. INTERESTS IN SUBSIDIARIES – THE COMPANY *(Continued)*

Interests in subsidiaries *(Continued)*

As at the date of this report, the Company had direct and indirect interests in the following subsidiaries, all being limited liability companies:

Name	Place and date of incorporation	Principal activities	Particulars of issued registered/paid up capital	Interest held 2015	Interest held 2014
Directly owned:					
Golden Profit Global Trading Limited	British Virgin Islands ("BVI"), 16 November 2010	Investment holding	10,000 ordinary shares of US$1 each	100%	100%
Indirectly owned:					
Great Success Global Investments Limited	BVI, 4 January 2011	Investment holding	3 ordinary shares of US$1 each	100%	100%
Treasure Fantasy Limited	BVI, 10 January 2011	Investment holding	200 ordinary shares of US$1 each	100%	100%
Top Harvest Capital Limited	BVI, 4 January 2011	Property holding	100 ordinary shares of US$1 each	100%	100%
Goldenmars Technology Investments Ltd	BVI, 20 December 2013	Investment holding	100 ordinary shares of US$1 each	100%	100%
Goldenmars Technology (Hong Kong) Limited	Hong Kong, 26 April 2005	Assembling and trading of electronic components and products	43,000,000 ordinary shares totaling HK$43,000,000	100%	100%
Boda Technology (International) Limited	Hong Kong, 10 April 2007	Trading of electronic component and investment holding	8,000,000 ordinary shares totaling HK$8,000,000	100%	100%
Goldenmars Textile Company Limited	Hong Kong, 15 September 2014	Trading of textile products	100,000 ordinary shares totaling HK$100,000	100%	–
Bodatong Technology (Shenzhen) Company Limited	The PRC, 11 July 2007	Manufacturing of electronic components	RMB10,000,000 registered capital	100%	100%

8. INVESTMENT IN A JOINT VENTURE

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**24,010**	–
Unlisted investment at cost	**–**	24,238
Gain on deemed partial disposal of interest in a joint venture	**633**	–
Share of loss for the year/period	**(3,665)**	(228)
Exchange realignment	**100**	–
At end of the year	**21,078**	24,010

Details of the joint venture is as follows:

Name of entity	Place of incorporation	Principal activities	Registered Capital as at 31 March 2015	Registered Capital as at 31 March 2014	Interest held by the Group as at 31 March 2015	Interest held by the Group as at 31 March 2014
Bozhou Botong Information Technology Company Limited (the "Joint Venture") (formerly known as Bozhou Botong Supply Chain Company Limited)	The PRC	Manufacturing and sales of smartphone and computer peripheral products	RMB 115,000,000	RMB 55,000,000	16.74%	35%

During the year, the Joint Venture effected an increase in registered capital whereby the other joint venture partners and a new investor injected additional capital to the Joint Venture amounting to RMB60,000,000 in aggregate. As a result of such increase in registered capital, the Group's equity interest in the Joint Venture was diluted from 35% to 16.74% and a dilution gain of HK$633,000 (2014: Nil) was recognised. Despite the dilution in equity interest, under the revised joint venture agreement, the Group was still able to exert joint control over the financial and operating activities on the Joint Venture. Accordingly, the Group continues to account for such investment as a joint venture.

8. INVESTMENT IN A JOINT VENTURE *(Continued)*

Set out below is the summarised financial information of the Joint Venture which has been accounted for using the equity method.

Summarised statement of financial position

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
ASSETS		
Non-current assets		
Land use rights	**29,162**	29,637
Property, plant and equipment	**134,832**	73,681
Prepayments	**5,004**	16,085
	168,998	119,403
Current assets		
Inventories	**7,418**	–
Trade receivables	**3,727**	–
Deposits, prepayment and other receivables	**6,343**	750
Amount due from a shareholder	**–**	5,036
Amount due from a related party	**113**	–
Cash and cash equivalents	**27,136**	18,606
	44,737	24,392
Total assets	**213,735**	143,795
EQUITY		
Share capital	**144,629**	69,251
Other reserves	**704**	–
Accumulated losses	**(19,999)**	(1,231)
Total equity	**125,334**	68,020
LIABILITIES		
Non-current liabilities		
Deferred income	**21,643**	21,996
	21,643	21,996
Current liabilities		
Trade payables	**2,037**	–
Other payables and accrued expenses	**64,721**	50,096
Amount due to a shareholder	**–**	3,683
	66,758	53,779
Total liabilities	**88,401**	75,775
Total equity and liabilities	**213,735**	143,795

8. INVESTMENT IN A JOINT VENTURE *(Continued)*

Summarised statement of comprehensive income

	For the year ended 31 March 2015 HK$'000	Since date of acquisition (20 December 2013) to 31 March 2014 HK$'000
Revenue	**6,835**	–
Cost of sales	**(8,047)**	–
Gross loss	**(1,212)**	–
Other operating expenses	**(13,218)**	(441)
Depreciation and amortisation	**(4,730)**	(218)
Other income	**1,097**	8
Loss before income tax expense	**(18,063)**	(651)
Income tax expense	**–**	–
Loss for the year/period	**(18,063)**	(651)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

	As at 31 March 2015 HK$'000	2014 HK$'000
Opening net assets	**68,600**	–
Net assets at acquisition date	**–**	69,251
Loss for the year/period	**(18,063)**	(651)
Increase in capital	**75,378**	–
Closing net assets	**125,915**	68,600
Percentage of interest held in the Joint Venture	**16.74%**	35%
Carrying value at 31 March	**21,078**	24,010

8. INVESTMENT IN A JOINT VENTURE *(Continued)*

Commitments and contingent liabilities of the Joint Venture

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Property, plant and equipment	**–**	6,466

The Group has no contingent liabilities in relation to its interest in the Joint Venture.

9. INVENTORIES

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Raw materials	**33,659**	82,074
Work-in-progress	**1,352**	1,461
Finished goods	**1,636**	9,215
	36,647	92,750
Less: provision for impairment of inventories	**(4,811)**	(6,014)
	31,836	86,736

The cost of inventories recognised as expenses and included in cost of sales amounted to HK$861,908,000 (2014: HK$724,642,000).

Movements in provision for impairment of inventories are as follows:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**6,014**	2,438
– (Reversal of)/provision for impairment of inventories	**(1,203)**	3,576
At end of the year	**4,811**	6,014

10. TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Non-current		
Non-current deposits	**196**	196
Current		
Trade receivables	**140,579**	48,231
Less: provision for impairment	**–**	–
Trade receivables	**140,579**	48,231
Deposits	**110**	110
Prepayments	**2,095**	11,680
Value added tax receivables	**44**	60
Other receivables	**6**	393
Deposits, prepayments and other receivables	**2,255**	12,243
Total trade receivables and deposits, prepayments and other receivables	**143,030**	60,670

As at 31 March 2015 and 2014, the directors consider that the carrying amounts of trade receivables and deposits, prepayments and other receivables approximate their fair value.

The Group grants credit period ranges from 5 days to 85 days (2014: 5 days to 70 days) to certain customers. The aging analysis of trade receivables (mostly denominated in US$) at the date of the statement of financial position is as follows:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
1 – 30 days	**74,852**	40,062
31 – 60 days	**47,580**	8,110
61 – 90 days	**18,145**	–
Over 90 days	**2**	59
	140,579	48,231

As at 31 March 2015, trade receivables of approximately HK$2,680,000 (2014: HK$3,827,000), were past due but not impaired. These relate to a few customers with no recent history of default. Based on historic default rates, the Group believes that no impairment provision is necessary. The aging analysis of these receivables is as follows:

10. TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Continued)

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
1 – 30 days	**295**	3,154
31 – 60 days	**1**	614
61 – 90 days	**2,383**	–
Over 90 days	**1**	59
	2,680	3,827

Movements in the provision for impairment of trade receivables are as follows:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**–**	346
Write-off of provision for impairment of trade receivables	**–**	(346)
At end of the year	**–**	–

As at 31 March 2015 and 2014, the maximum exposures of the Group to credit risk were the carrying values of trade receivables mentioned above.

Trade receivables, deposits, prepayments and other receivables are denominated in the following currencies:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
HK$	**251**	904
RMB	**383**	242
New Taiwan Dollar ("TWD")	**42**	63
US$	**142,354**	59,461
	143,030	60,670

The Directors consider the balances of deposits and other receivables are neither past due nor impaired.

The Group does not hold any collateral as security for trade receivables, deposits and other receivables.

11. PLEDGED DEPOSITS AT BANK

(a) Pledged deposits at bank

As at 31 March 2015, the Group's pledged deposits at bank was denominated in RMB, interest bearing at 2% per annum, with maturity of one month and pledged as security of the Group's bank borrowings (Note 17).

(b) Pledged structured deposits at bank

As at 31 March 2014, the Group's pledged structured deposits at bank were denominated in RMB, interest bearing at 2.20% per annum, with maturity of six months and pledged as security of the Group's bank borrowings (Note 17). The pledged structured deposits at bank is a non-derivative financial asset with fixed and determinable interest payment which is not quoted in an active market.

12. BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

As at 31 March 2014, the Group's bank deposits with original maturity over three months was denominated in RMB and interest bearing at 2.65% per annum.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Cash on hand		
RMB	**81**	22
HK$	**5**	10
	86	32
Cash at banks		
HK$	**12,612**	34,954
RMB	**8,913**	1,223
TWD	**34**	20
US$	**193,714**	83,501
Others	**4**	4
	215,277	119,702
	215,363	119,734

The effective interest rate on cash at bank was 0.32% (2014: 0.26%) per annum.

The conversion of bank and cash balances denominated in RMB into foreign currencies in the PRC and the remittance of these deposits or cash out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2015, the Group's cash at banks of HK$2,380,000 (2014: HK$1,223,000) were deposited at banks in the PRC.

14. SHARE CAPITAL

The Group and the Company

Authorised shares:

The total authorised number of ordinary shares is 8,000 million shares (2014: 8,000 million shares) with a par value of HK$0.01 per share (2014: HK$0.01 per share).

Issued shares:

	Number of shares issued and fully paid	Share capital
		HK$'000
As at 31 March 2013	10,000,000	100
Issuance of shares by placing	69,000,000	690
Capitalisation issue	170,000,000	1,700
As at 31 March 2014	249,000,000	2,490
As at 31 March 2014	249,000,000	2,490
Issuance of shares by placing (Note)	15,000,000	150
As at 31 March 2015	**264,000,000**	**2,640**

Note:

On 26 November 2014, the Company issued 15,000,000 ordinary shares of HK$0.01 each at price of HK$0.94 each by placing for an aggregate consideration of approximately HK$14,100,000.

15. OTHER RESERVES

(i) Group

(a) *Merger reserve*

The Group's merger reserve represents the difference between the share capital of the Company and the aggregate amount of share capital of other companies comprising the Group, after elimination of intra-group investments.

(b) *Capital reserve*

The Group's capital reserve represents deemed contribution by the Controlling Shareholders as a shareholder acquired the remaining non-controlling interests of a subsidiary and contributed to the Group at no cost prior to 1 April 2011.

15. OTHER RESERVES *(Continued)*

(i) Group *(Continued)*

(c) Statutory reserve

The Company's subsidiary in the PRC is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and regulations to the statutory reserve until the balance reaches 50% of its respective registered capital, where further transfers will be at their directors' discretion. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to equity holders of the PRC subsidiary in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of share capital of the PRC subsidiary.

(ii) Company

	Share premium HK$'000	Contributed surplus HK$'000 Note (a)	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
For the year ended 31 March 2015				
Balance at 1 April 2014	51,806	95,114	38	146,958
Comprehensive income				
Loss for the year	–	–	(801)	(801)
Total comprehensive income	–	–	(801)	(801)
Transaction with owners				
Issuance of shares by placing (Note 14)	13,950	–	–	13,950
Share issuance expenses	(423)	–	–	(423)
Balance at 31 March 2015	**65,333**	**95,114**	**(763)**	**159,684**

15. OTHER RESERVES *(Continued)*

(ii) Company *(Continued)*

	Share premium HK$'000	Contributed surplus HK$'000 Note (a)	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
For the year ended 31 March 2014				
Balance at 1 April 2013	–	95,114	(65)	95,049
Comprehensive income				
Profit for the year	–	–	14,933	14,933
Total comprehensive income	–	–	14,933	14,933
Transaction with owners				
Issuance of shares by placing	61,410	–	–	61,410
Capitalisation issue	(1,700)	–	–	(1,700)
Listing and share issuance expenses	(7,904)	–	–	(7,904)
Special dividend declared on 21 August 2013 (Note 26)	–	–	(14,830)	(14,830)
Balance at 31 March 2014	51,806	95,114	38	146,958

(a) Contributed surplus

Contributed surplus represents the difference between the excess of the nominal value of the Company shares issued and the aggregate net asset value of the subsidiaries acquired pursuant to the Reorganisation.

16. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Trade payables	**31,206**	41,667
Other payables and accrued expenses:		
Accrued expenses	**2,358**	1,941
Receipt in advance	**4,564**	635
Other payables	**28**	–
	6,950	2,576
Total	**38,156**	44,243

Payment terms granted by suppliers are mainly on credit. The credit period ranges from 30 to 60 days after the end of the month in which the relevant purchases occurred.

The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
1 – 30 days	**30,748**	40,242
31 – 60 days	**171**	414
61 – 90 days	**119**	720
Over 90 days	**168**	291
	31,206	41,667

Trade payables, accrued expenses and other payables of the Group are denominated in the following currencies:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
HK$	**1,853**	1,357
RMB	**766**	815
TWD	**95**	130
US$	**30,878**	41,306
	33,592	43,608

17. BORROWINGS

	As at 31 March 2015 HK$'000	As at 31 March 2014 HK$'000
Bank loans	**22,678**	63,231
Trust receipt bank loans	**208,453**	113,979
	231,131	177,210

The maturities of the borrowings at the respective dates of the statement of financial position in accordance with the scheduled repayment dates (excluding any demand clauses) are as follows:

	As at 31 March 2015 HK$'000	As at 31 March 2014 HK$'000
Bank loans		
Within one year	**7,372**	40,553
Between one and two years	**2,043**	7,375
Between two and five years	**6,409**	6,270
Over five years	**6,854**	9,033
	22,678	63,231
Trust receipt bank loans		
Within one year	**208,453**	113,979

The Group's bank loans that contain a clause giving the lenders the unconditional right to demand repayment at any time has been classified as current liability irrespective of the probability that the lender will invoke the clause without cause. As at 31 March 2015, the Group's bank loans that were due for more than one year amounting to HK$15,306,000 (2014: HK$22,678,000) contain such repayment on demand clauses and were therefore classified under current liabilities.

As at 31 March 2015, the weighted average effective interest rate on borrowings was 2.1% (2014: 2.1%) per annum.

The Group's borrowings are secured by the Group's leasehold properties (Note 6) and pledged deposits at bank (Note 11).

Borrowings of the Group are denominated in the following currencies:

	As at 31 March 2015 HK$'000	As at 31 March 2014 HK$'000
HK$	**17,401**	20,857
US$	**213,730**	156,353
	231,131	177,210

18. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Deferred tax assets		
– Deferred tax assets to be recovered after more than 12 months	**–**	(36)
– Deferred tax assets to be recovered within 12 months	**–**	–
	–	(36)
Deferred tax liabilities		
– Deferred tax liabilities to be recovered after more than 12 months	**68**	–
– Deferred tax liabilities to be recovered within 12 months	**–**	–
	68	–
Deferred tax liabilities/(assets), net	**68**	(36)

The movement on the deferred income tax is as follows:

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**(36)**	15
Charged/(credited) to consolidated income statement (Note 25)	**104**	(51)
At end of the year	**68**	(36)

Movements of deferred tax assets:

	Decelerated tax depreciation As at 31 March	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**(36)**	–
Charged/(credited) to consolidated income statement	**36**	(36)
At end of the year	**–**	(36)

18. DEFERRED INCOME TAX *(Continued)*

Movements of deferred tax liabilities:

	Accelerated tax depreciation	
	As at 31 March	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**–**	15
Charged/(credited) to consolidated income statement	**68**	(15)
At end of the year	**68**	–

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$3,443,000 (2014: HK$3,224,000) in respect of losses amounting to HK$13,728,000 (2014: HK$12,893,000) that can be carried forward against future taxable income, and these losses will expire from 2018 to 2020.

19. FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Loans and receivables		
Assets as per consolidated statement of financial position		
Trade receivables, deposits and other receivables, excluding prepayments	**140,935**	48,990
Amount due from a joint venture	**–**	3,683
Pledged deposits at bank	**15,790**	15,298
Bank deposits with original maturity over three months	**–**	29,510
Cash and cash equivalents	**215,363**	119,734
	372,088	217,215
Other financial liabilities at amortised cost		
Liabilities as per consolidated statement of financial position		
Trade and other payables (excluding non-financial liabilities)	**33,592**	43,608
Borrowings	**231,131**	177,210
	264,723	220,818

In addition to the above, in the Company's statement of financial position, the Company has a financial instrument being amount due from a subsidiary amounting to HK$2,234,000 (2014: HK$2,234,000).

20. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses, and general and administrative expenses are analysed as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Cost of inventories sold	**861,908**	724,642
(Reversal of)/provision for impairment of inventories (Note 9)	**(1,203)**	3,576
Auditor's remuneration	**1,126**	1,000
Depreciation of property, plant and equipment (Note 6)	**3,214**	3,729
Advertising expenses	**42**	557
Freight and transportation expense	**374**	934
Listing expenses	**–**	3,660
Other legal and professional fees	**1,175**	1,348
Employee benefit expenses (Note 21)	**10,723**	12,532
Commission expense	**83**	213
Operating lease rentals of premises	**683**	1,127
Utilities expense	**414**	629
Others	**3,545**	4,679
Total	**882,084**	758,626

21. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Wages and salaries	**10,098**	11,815
Pension costs – defined contribution plans (Note a)	**548**	555
Others	**77**	162
	10,723	12,532

21. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) *(Continued)*

(a) These mainly represent:

(i) the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK$1,500 for employee's monthly contribution as defined under the Hong Kong Mandatory Provident Funds legislations.

(ii) the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance at rates up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

(b) On 21 August 2013 ("the date of adoption"), the Company conditionally approved a share option scheme (the "Scheme") under which options will be granted to eligible persons to subscribe for shares of the Company at subscription price which should not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a trading day ("Offer Date"); (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Company's shares, provided that for the purpose of calculating the subscription price, where the Company has been listed for less than five trading days, the issue price shall be used as the closing price for any business day falling within the period before listing.

No option has been granted since the date of adoption of the Scheme.

22. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' remuneration

The remuneration of the directors and chief executive for the year ended 31 March 2015 are set out below:

	Fee	Salary	Retirement benefit – defined contribution scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2015				
Name of directors (Note (i))				
Executive directors				
Mr. George Lu	100	620	17	737
Ms. Lau Wing Sze	100	656	17	773
Ms. Shen Wei	100	440	13	553
	300	1,716	47	2,063
Independent non-executive directors				
Mr. Loo Hong Shing, Vincent	135	–	7	142
Mr. Pang Chung Fai, Benny	135	–	7	142
Mr. Wan Tak Shing	135	–	7	142
	405	–	21	426

22. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

The remuneration of the directors and chief executive for the year ended 31 March 2014 are set out below:

	Fee	Salary	Retirement benefit – defined contribution scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2014				
Name of directors (Note (i))				
Executive directors				
Mr. George Lu	100	570	15	685
Ms. Lau Wing Sze	100	599	15	714
Ms. Shen Wei	100	320	9	429
	300	1,489	39	1,828
Independent non-executive directors				
Mr. Loo Hong Shing, Vincent	80	–	4	84
Mr. Pang Chung Fai, Benny	80	–	4	84
Mr. Wan Tak Shing	80	–	4	84
	240	–	12	252

Note:

(i) No directors waived or agreed to waive any emoluments during the year (2014: same). No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the year (2014: same).

22. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group are as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Directors	**2,063**	1,828
Employees	**1,886**	1,587
	3,949	3,415

The five individuals where emoluments were the highest in the Group include three (2014: same) directors whose emoluments were reflected in Note 22(a) above. The emoluments payable to the remaining two (2014: same) individuals during the year are as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Basic salaries	**1,805**	1,557
Pension costs – defined contribution plan	**81**	30
	1,886	1,587

The number of highest paid non-director individuals whose remunerations fell within the following bands:

	Year ended 31 March	
	2015	2014
Emolument Bands		
Nil to HK$500,000	**–**	1
HK$500,001 to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	1

(c) Senior management's emoluments

The emoluments of the four (2014: same) senior management fell within the following bands:

	Number of individuals	
	2015	2014
Nil to HK$500,000	**3**	3
HK$500,001 to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	1

23. OTHER INCOME/(LOSS)

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Freight income	**3**	54
Finance income	**679**	392
Exchange gains/(losses)	**165**	(1,237)
Repair and testing income	**1,520**	622
Loss on disposal of property, plant and equipment (Note 28(b))	**(2)**	(1,078)
Others	**(482)**	168
Total	**1,883**	(1,079)

24. FINANCE COSTS

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Finance costs		
– Interest expense on bank borrowings	**4,387**	3,455
– Interest expense on finance lease liabilities	**–**	19
	4,387	3,474

25. INCOME TAX EXPENSE

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Current income tax:		
– Hong Kong profits tax	**7,017**	7,332
– PRC corporate income tax	**–**	–
Under-provision in prior year	**181**	172
Deferred income tax		
– Hong Kong profits tax (Note 18)	**104**	(51)
	7,302	7,453

The Group is subject to both Hong Kong profits tax and PRC corporate income tax.

Hong Kong profits tax has been provided for at a rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. The subsidiary in the PRC is subjected to PRC corporate income tax at the rate of 25% (2014: 25%).

25. INCOME TAX EXPENSE *(Continued)*

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities in the respective jurisdictions as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Profit before income tax	**32,649**	24,243
Tax calculated at domestic tax rates applicable to profits in the respective countries	**5,052**	3,704
Tax effects of:		
– Expenses not deductible	**96**	449
– Income not subject to taxation	**(77)**	(64)
– Tax losses for which no deferred income tax was recognised	**2,050**	3,249
– Under-provision in prior year	**181**	172
– Others	**–**	(57)
Tax charge	**7,302**	7,453
Effective tax rate	**22.4%**	30.7%

26. DIVIDENDS

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Dividends paid (Note (a))	**–**	14,830
	–	14,830

(a) Dividends paid

On 21 August 2013, the Company declared a special dividend of HK$14,830,000 to its then shareholders. Dividends of approximately HK$14,800,000 were settled through current accounts with shareholders prior to the Company's listing in August 2013 and the remaining amount of approximately HK$30,000 was paid during the year ended 31 March 2014.

(b) Proposed final dividends

No final dividend for the years ended 31 March 2015 and 2014 were proposed.

27. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 March	
	2015	2014
Profit attributable to equity holders of the Company (HK$'000)	**25,347**	16,790
Weighted average number of ordinary shares in issue (Note 14)	**254,178,082**	218,564,384
Basic earnings per share	**HK9.97 cents**	HK7.68 cents

(b) Diluted

There were no potential dilutive ordinary shares outstanding during the year ended 31 March 2015 and hence the diluted earnings per share is the same as basic earnings per share (2014: same).

28. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Profit before income tax	**32,649**	24,243
Adjustments for:		
Depreciation (Note 6)	**3,214**	3,729
(Reversal of)/provision for impairment of inventories (Note 9)	**(1,203)**	3,576
Loss on disposal of property, plant and equipment (Note (b))	**2**	1,078
Exchange (gains)/losses (Note 23)	**(165)**	1,237
Finance income (Note 23)	**(679)**	(392)
Finance costs (Note 24)	**4,387**	3,474
Gain on deemed partial disposal of interest in a joint venture (Note 8)	**(633)**	–
Share of loss of a joint venture (Note 8)	**3,665**	228
Changes in working capital:		
– Inventories	**56,103**	(4,133)
– Trade receivables	**(92,348)**	(42,533)
– Deposits, prepayments and other receivables	**9,988**	(10,599)
– Amounts due from related parties	**–**	(1,068)
– Amount due from a joint venture	**3,683**	–
– Trade payables	**(10,461)**	39,895
– Other payables and accrued expenses	**4,374**	(958)
Cash generated from operations	**12,576**	17,777

28. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) In the consolidated statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Net book amount of property, plant and equipment disposed (Note 6)	**2**	4,875
Loss on disposal of property, plant and equipment	**(2)**	(1,078)
Proceeds from disposal of property, plant and equipment	**–**	3,797

Settled by:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Cash proceeds	**–**	114
Included in amount due from a joint venture	**–**	3,683
Proceeds from disposal of property, plant and equipment	**–**	3,797

(c) Non-cash transaction

For the year ended 31 March 2014, dividends of approximately HK$14,800,000 were settled through current accounts with the shareholders prior to the Company's listing.

29. COMMITMENTS

(a) Operating lease commitments

The Group leases warehouses, production plant and office premise in the PRC and Taiwan under non-cancellable operating lease agreements. The lease terms are two years and the majority of lease agreements are renewable at the end of the period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Not later than 1 year	**291**	641
Later than 1 year and not later than 5 years	**–**	1,120
	291	1,761

29. COMMITMENTS *(Continued)*

(b) Capital commitments

As at 31 March 2015 and 2014, there is no significant capital commitment.

30. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise control or significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year.

(a) The directors of the Company are of the view that the following companies that had transactions or balances with the Group are related parties:

Name	**Relationship with the Group**
Forever Star Capital Limited	Controlled by the Controlling Shareholders
Wider Technology Limited	Controlled by the Controlling Shareholders
Winston Technology HK Limited	Controlled by the Controlling Shareholders
Deluxe More Capital Limited	Controlled by the Controlling Shareholders
Bozhou Botong Information Technology Company Limited	A joint venture of the Group

(b) Transactions with related parties

For the year ended 31 March 2015 and 2014, the following transactions were undertaken by the Group with related parties:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Consideration for disposal of machineries to a joint venture (Note (i))		
– Bozhou Botong Information Technology Company Limited	**–**	3,683

Note:

(i) Disposal of machineries to a joint venture was charged at considerations based on mutually agreed prices and terms.

30. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Year-end balances:

The Group

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
(i) Amounts due from related parties		
Amounts due from related companies		
– Wider Technology Limited	**–**	–
– Deluxe More Capital Limited	**–**	–
	–	–
Amount due from a shareholder		
– Forever Star Capital Limited	**–**	–
Total	**–**	–

The maximum outstanding balances were as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Maximum outstanding balance due from:		
– Wider Technology Limited	**–**	92
– Deluxe More Capital Limited	**–**	22,048
– Forever Star Capital Limited	**–**	27,800
– Ms. Shen Wei	**–**	5,568

The balances are denominated in HK$, unsecured, interest free and repayable on demand. The fair values of these balances approximate their carrying values.

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
(ii) Amount due from a joint venture	**–**	3,683

The balances are denominated in RMB, unsecured, interest free and repayable on demand. The fair value of the balance approximates its fair value.

30. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Year-end balances: *(Continued)*

The Company

	As at 31 March	
	2015	2014
	HK$'000	HK$'000
Amount due from a subsidiary		
– Goldenmars Technology (Hong Kong) Limited	**2,234**	2,234

The balances are denominated in HK$, unsecured, interest free and repayable on demand. The fair values of these balances approximate their carrying values.

(d) Key management compensation

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Basic salaries and allowances	**4,140**	3,658
Pension costs – defined contribution plan	**113**	92
	4,253	3,750

31. EVENTS AFTER THE REPORTING DATE

On 9 April 2015, the Company completed a placing of 29,880,000 ordinary shares at HK$1.2 per share with total proceeds (before share issuance cost) of HK$35,856,000. The proceeds is intended to be used as general working capital of the Group.